

**Deborah.Easterling**

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**From:** Jocelyn.Boyd  
**Sent:** Friday, July 12, 2013 8:43 AM  
**To:** Deborah.Easterling  
**Cc:** PSC\_Attorneys  
**Subject:** FW: Study of eWNA by SCE&G. Docket No. 2012-218-E  
**Attachments:** eWNA\_ review.pdf

**From:** V V [<mailto:fist207@gmail.com>]  
**Sent:** Thursday, July 11, 2013 1:40 PM  
**To:** Jocelyn.Boyd  
**Subject:** Study of eWNA by SCE&G. Docket No. 2012-218-E

Dear Mrs. Boyd

Please, find attached the Review of SCE&G's eWNA study - pdf format - 8 pages.

Please, make this review available for the Staff invoved in eWNA proceeding.

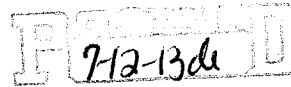
Thank you.

Viktor Veytskin

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## Review of SCE&G's Study of Electric Weather Normalization Adjustment

By Viktor Veytskin  
10-July-2013

### BRIEF PREFACE

1. The Study of eWNA made by SCE&G reminds me of commercial ads that we see every a few minutes on TV. Nice and beautiful. And advertising companies never discuss **their** benefits, but only how good their product for **consumers**. They love consumers/buyers and are ready to do everything for them, even free gift. Is current Study of eWNA somewhat of the kind of construction?
2. "The Study" itself does not present anything new, except it analyzes the placement of some restrictions on eWNA, which the Company actually rejected.
3. I cannot understand why PSC-ORS requested SCE&G – the Company who receives benefits from eWNA – to provide this Study. Why "Study" was not made by independent professionals?

### STEP BY STEP

SCE&G opens its Study with fantastical statement:

"As of April 30, 2013, the retail customer of South Carolina Electric & Gas Company have avoided paying approximately 63 million in electricity costs since August 2010".

You do not need to read further to understand that those savings are due to eWNA carefully designed by SCE&G, and "customers only pay costs necessary to operate SCE&G electric system, no more and no less". Sounds like free gift in #1 of above brief preface, isn't it? With one difference however: those gifts are small but real, and this one is huge and fictional.

It is impossible to find any proof, any calculations of how those 63 M came to life or what is the real cost. And it is not necessary to prove anything! Just get Company's gift!

When my complaint with PSC (filed 21-Jan-2013) was flatly dismissed I sent the letter to Mr. David Wright, the PSC chairman, in which among others I quoted the NYSE review:

"Energy holding company SCANA Corp. (SCG) reported strong fourth quarter results, driven by **improved electric margins stemming from customer growth and rate increases, partially offset by higher expenses**".

It will be shown later in this review the reality of SCE&G activity.

The Company then analyzing the attempts to put some restrictions on its eWNA and came to conclusion that all those restrictions are unnecessary, would only complicate everything and the current eWNA procedure is working just fine (at least, for Company – I would add). I absolutely agree with this conclusion – SCE&G will get its money one way or another – why to make that more complicated? In the Introduction we see again "the eWNA has been mutually beneficial to SCE&G and its customers". At least here, SCE&G states that eWNA is beneficial to the Company as well. The Company continually drags out their gifts to customers. But there is an interesting footnote 3 here:

"The eWNA is not designed to save customers money; it is designed to remove the impact of abnormal weather from customer bills. Additionally, the eWNA does not in any way diminish the benefits of any energy efficiency measure (such as the installation of compact fluorescent light bulbs, increased attic insulation, or upgrades to an HVAC system) installed by a customer at their home or place of business. And most importantly, the eWNA is not a mechanism in which SCE&G charges customers for electricity that is not consumed by the customer.

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Under the eWNA, SCE&G customers only pay for the electricity they consume, and they realize the benefits of all energy efficiency measures installed at their home or business."

I want to review the above quotation carefully as of its relevance.

1. *eWNA is not for saving customers' money.* True, it is to draw money from the customer on regular basis – which is good for SCE&G.
2. *eWNA designed to remove the impact of abnormal weather from customer bills.* In 2012, during the last days of May and in June there was really abnormal weather: some days the temperature reached 109-113°F, record high for the area. According to the description of eWNA I had to expect the reduction of my bill by the amount of eWNA. But, instead, in both months eWNA added some amount to the bill. It is clear why: **the amounts of money in those bills were not so high and, as eWNA was designed, it drew additional money to the pocket of SCE&G.**
3. *eWNA does not in any way diminish the benefits of any energy efficiency measure (such as the installation of compact fluorescent light bulbs, increased attic insulation, or upgrades to an HVAC system) installed by a customer at their home or place of business.* I agree (without any doubts) of the importance of those measures. But all my attempts (and not only mine – see WIS-10 news of March 21-31, 2013) to reduce the bill by those measures or by setting thermostat were useless as eWNA stubbornly increased the bill. More over, last years some consumer electronic devices, capable to analyze the excessive electricity consumption, appeared on market. Once again, those devices will be absolutely useless as SCE&G will draw more money, as you try reduce your electricity consumption – reducing your consumption is **not good for SCE&G. That is why the Company designed eWNA and why SCE&G desperately pushing ahead with that program.** (I want to add in parenthesis that the second reason for eWNA is to hide real rate increase – I will show this later).
4. *eWNA is not a mechanism in which SCE&G charges customers for electricity that is not consumed by the customer. Under the eWNA, SCE&G customers only pay for the electricity they consume.* That is a very **tricky** statement. On the one hand, the amount of electricity in kW you consumed is not increased by eWNA - it is true, but, on the other hand, you pays more money because eWNA adds some amount to your bill above the current rate of electricity. That is: if you calculate backward, **either is increased** – the rate in \$, or your consumption in kW. **Either way is wrong, as it is illegal for the Company to arbitrarily increase the kW consumption above the electric meter or rates without stating in advance.**

After that statement, the "Study" analyses the situation that could happen in South Carolina if SCE&G did not introduce their Weather Normalization Adjustment. Firstly, it draws the terrible picture of weather in January-February 2010. Looks like it was the worst disaster on the Earth, second only to Ice Age 150 million years ago when the great Mammoths were brought to extinction. Even Charleston Airport could get be rendered due to payments for heating system. We need to give SCE&G it's due: it acknowledges that the Company itself was more than OK with that disaster – it got very good revenue. But poor customers... Though here SCE&G also raised the concern regarding its revenue: if every customer will do exactly as they recommend in point 3 above, then the Company's revenue can drop. That is why SCE&G loves eWNA. If customers pay the additional money to SCE&G a year around, then in next 150 million years they will be fine. So will SCE&G. In all those speculations the Company modestly forgot to mention about constant increasing the rates and base charges.

**Facts:** from August 2010 (when eWNA started) the rate is up from 0.106170 \$/kW to 0.123470\$/kW – 16.2% (in my bills), and the base charge is up from \$8 to \$9.5 per account – 18.75%.

Just recently, my bill of May 9, 2013 indicates the next rate increase from 0.123010 \$/kW to 0.123470 \$/kW. The Bill itself shows ads in huge font. But there is no place in the bill where the customer is informed about rate increase (even in small print). And with all this, Company continues talking about gifting money to customers. Does SCE&G have any shame?

Here, I want also to ask clearly: where or to whom all those millions (25-63) going? Can SCE&G and PSC reveal the full range of Company's revenue and the operating costs (specifically by each part of the system – fuel, boilers, turbines, generators, distribution lines, etc)?

Furthermore. After SCE&G started its eWNA, the Company would hope to get two major advantages:

1. To hide the hike of rates.
2. To get additional money by charging customers all year round under pretext of abnormal weather – that is eWNA about.

It was fine with #1 above, but with #2...

Unpredictability is the most natural part of life. It looks like weather did not fully cooperate with Weather Normalization Adjustment. Perhaps there was a poor correlation in the program (finally, it was the first test – they did not have much experience). Instead of collecting additional money with eWNA SCE&G started losing it. That problem had a double effect. On the one hand, Company was probably unhappy, but, on the other hand, that allowed SCE&G to say that eWNA compensates the rate increase. The unaware customers were satisfied with this explanation. When customers have woken up in winter 2012-2013 it was already too late. But SCE&G cannot allow that situation to continue for too long. That's why the Company approached PSC (October 2011) with the request of some modifications in eWNA. I do not want to list all those modifications that SCE&G wanted to make – they are listed on page 16 of "Study". The OK was granted. According to "Study", SCE&G modified its eWNA couple more times until the Company not only got all eWNA money back, but, also, got some profit from eWNA.

It is, probably, time to present my research of the past more than 2.5 years of SCE&G activity. The research is based solely on my personal electric account with SCE&G and can be easily verified by anyone. If SCE&G releases the necessary data, the research can be extended to show the Company's overall activity.

The left portion of table 2 presents the payments made by this account due to eWNA. If the number is positive – I am paying to SCE&G, negative – SCE&G reduces my bill.

Note: the data are presented by bill date (in my case – the beginning of month). This will allow for verifying it easily but the data are actually reflecting the previous month.

Data shows that all months of 2010 and most of 2011 SCE&G is losing money (the Company will, probably, say donating money to customers). But changes started by the end of 2011 when Company had been allowed to manipulate with its program. During 2012 and, especially, at the beginning of 2013 SCE&G returned all its money. It was just the beginning of 2013 when the public outcry started. It was at that time PSC and ORS received dozens of calls from angry customers, complaints were filed, WIS-10 TV published its investigation and interviews with irritated residential customers.

The graph 1 presents those data by accumulation. It is seen clear how Company is losing money until the end of 2011, how it getting money back since that time. Actually, this graph corresponds to the charts B, C, D, E in the "Study". What is different – the Company's interpretation.

I want to mention interesting SCE&G's statement on page 25 of "Study".

"Since implementation, less than 1% of SCE&G's customers have inquired about eWNA."

O, yes, SCE&G loves silent majority. What about PSC? Is it waiting for street protests, violence, lawsuits? I think those things can come if this fleecing of customers continue.

Now we need to look at the right portion of table 2.

As I mentioned before, eWNA is not the only (and, probably, not the most important) thing to increase SCE&G's profitability. Rates increase is even more important. While all attention here concentrates on eWNA let's look what SCE&G got from that.

Table 1 shows the accumulation of additional money due to rates and base charges increase. The "0" point is the beginning of eWNA – August 2010.

This accumulation is especially well seen on graph 2.

Only on my account (not so large by the way) SCE&G managed to get additional \$198.22 by the time. How much is this?

In right portion of table 1 we can see power consumption by my account since August 2010 (again, strictly by bills). By the time, overall consumption is 18781 kW during 35 months. Then, average per month is  $18781/35=536.6$  kW. With the August 2010 rates I would have average bill amount  $\$8+536.6*0.106170=\$64.97$ .

Then  $\$198.22/\$64.97=3.05$ . For less than 3 years I paid additionally more than 3 months of payment – **more than one additional month of payment per each year.**

And that is still not enough for SCE&G! The Company still wants its eWNA!

I want also to represent three more graphs. They show energy consumption by months during years of 2011-2013.

Perhaps, nobody is surprised by fluctuation of consumption. In winter and summer the heating or air-conditioning increases the consumption of energy. At those periods weather does effect the energy consumption. But there are two periods each year when the consumption is not effected by weather: about two months of spring and two month in autumn (Columbia, SC), when heating and air-conditioning is off. Nevertheless, even at that time (according to table 2) eWNA shows its effect on bill.

Finally. Below is comparative table of energy consumption and bill payments of two winters (again, strictly in my account).

Month	<b>"Terrible" winter of 2009-2010 without eWNA</b>		<b>Regular winter of 2012-2013 with eWNA</b>	
	Energy, kW	Bill payment, \$	Energy, kW	Bill payment, \$
January	1073	121.42	691	106.91 (including \$14.14 eWNA)
February	969	110.77	850	127.21 (including \$13.40 eWNA)
March	1034	117.43	875	114.28 (including \$2.48 eWNA)
<b>Total</b>	<b>3076</b>	<b>349.62</b>	<b>2416</b>	<b>348.40 (including \$30.02 eWNA)</b>

With about 22% less of energy consumption in 2012-2013 (compared to 2009-2010) – about the same payments. The table shows how eWNA works. Judge for yourself.

I am not going to analyse Company's **eWNA mechanics** as the "Study" presents only general frame of its program. Important data are kept hidden by SCE&G – this does not allow verification of anything. But I want to note that heating-cooling load thermodynamically depends not only on temperature of outside air but, also, on humidity, wind speed, direct solar radiation on surfaces, building structure, and, even, barometric pressure. As the program does not use all of them (or, at least, most of them) I think

that it only conducts comparative analysis of statistical data of account's money and, if the amount drops below certain level, automatically adds some amount. If this suspicion is correct, then we are just dealing with **deception**. The term "**deception**" is also applicable to the program if it uses only winter weather conditions to add money to customers' bills instead of analysing weather all year around.

If any customer wants paying his/her bill by using average monthly amount, it can be easily done – SCE&G offered this service long ago.

SCE&G discusses some suggested restrictive measures for eWNA. I absolutely agree with Company – they will do nothing good for customers, just complicate everything and, consequently, make it even more beneficial for SCE&G.

### **CONCLUSION**

SCE&G's "Study" is mostly advertising tool that is trying to push ahead with eWNA, which is beneficial for the Company, not for customers.

Company does not present any proof or evidence of paying million of dollars back to customers.

Company is trying to use eWNA to hide its rates increase.

As a result I have to say again that **eWNA must be stopped**.

**The only condition when eWNA can be used is:**

**every customer should have right to "opt eWNA out" of his/her account.**

Instead, I would suggest that SCE&G to pay more attention on effective technologies as well as using naturally available resources of energy (sun, water, wind, etc.) which will make customers' lives better and, if well designed, may reduce expenses to generate electricity.

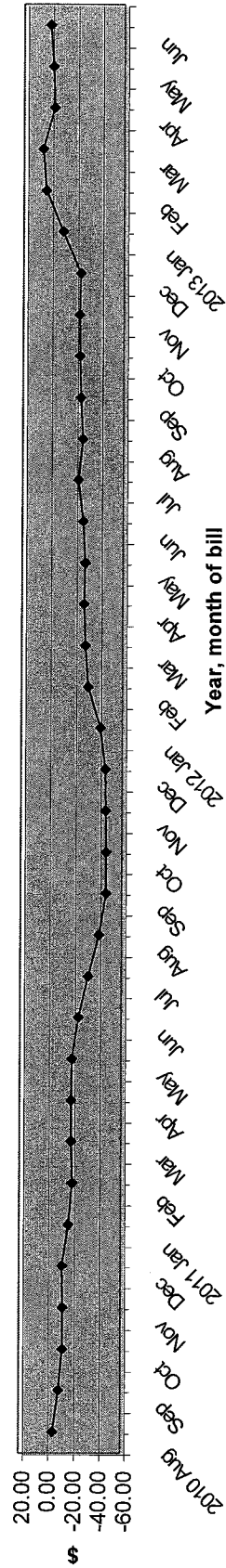
**The PSC-ORS, as a government agency that was created to protect customers (there is a monopoly in energy supply), should allow the SCE&G to increase its rates only after making careful analysis of Company's finances.**

Account *-****-****-***8									Table 1
Month of bill	Average temperature, °F				Energy consumption, kWh				
	2010	2011	2012	2013	2010	2011	2012	2013	
Jan	42	40	51	52		1209	660	691	
Feb	43	42	52	51		1040	797	850	
Mar	42	52	53	48		622	730	875	
Apr	58	59	68	53		335	225	719	
May	67	69	69	66		240	242	221	
Jun	77	76	74	73		465	343	293	
Jul	83	84	80			609	548		
Aug	86	86	85		655	720	747		
Sep	83	82	80		561	673	501		
Oct	76	72	74		440	301	364		
Nov	65	61	63		193	213	202		
Dec	54	55	53		499	458	540		
Ave/Total	64.7	64.8	66.8		2348	6885	5899	3649	18781

Account *-****-****-***8: Additional payments due to WNA, rate/base increase									Table 2
Month of bill	WNA, \$				Accumulation of add. payment by SCE&G, \$				
	2010	2011	2012	2013	2010	2011	2012	2013	
Jan		-4.86	4.23	14.14		13.89	61.99	140.83	
Feb		-2.78	10.12	13.40		19.02	70.69	156.58	
Mar		0.93	1.99	2.48		22.40	78.70	172.72	
Apr		0.19	1.38	-8.97		24.45	81.52	186.33	
May		-0.50	-0.94	1.05		26.18	84.67	191.65	
Jun		-5.08	1.99	2.05		29.14	88.93	198.22	
Jul		-7.77	4.14		0.00	32.87	95.44		
Aug	-6.71	-8.66	-3.74		1.13	38.65	104.98		
Sep	-4.35	-5.07	1.69		2.63	44.09	111.54		
Oct	-3.33	-0.03	0.93		3.91	46.80	116.44		
Nov	0.00	0.12	0.37		5.30	49.49	120.43		
Dec	0.33	0.53	-0.68		8.11	54.70	129.42		
Total	-14.06	-32.98	21.48	24.15	8.11	46.59	74.72	68.80	

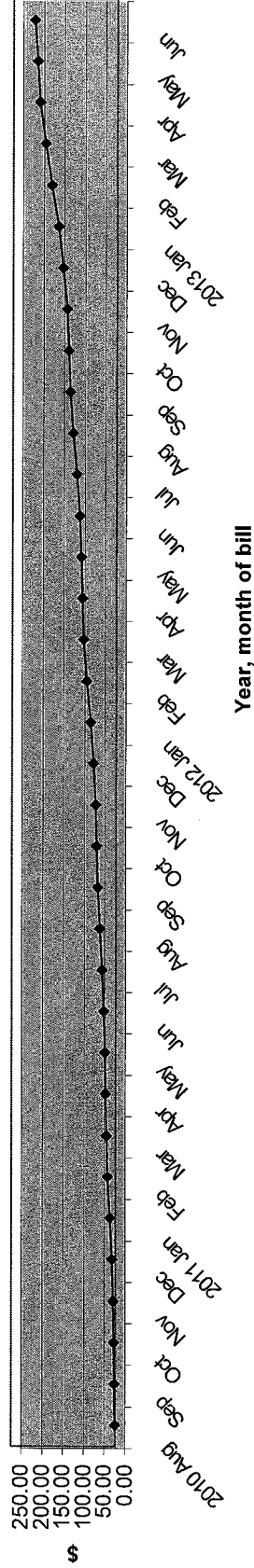
Graph 1

### Accumulation of WNA payments by SCE&G

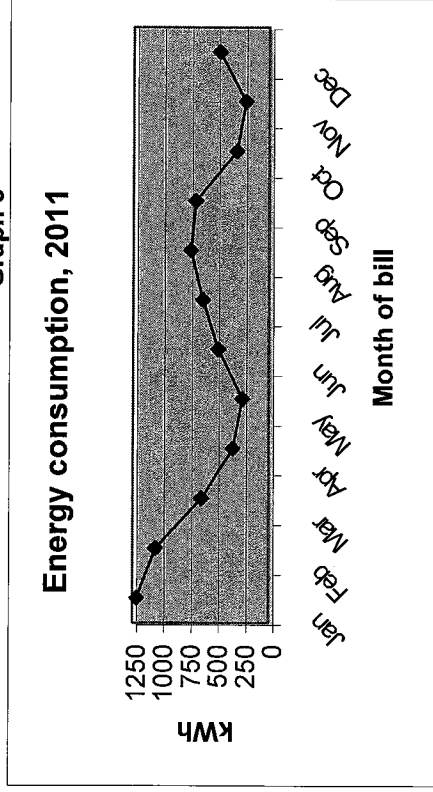


Graph2

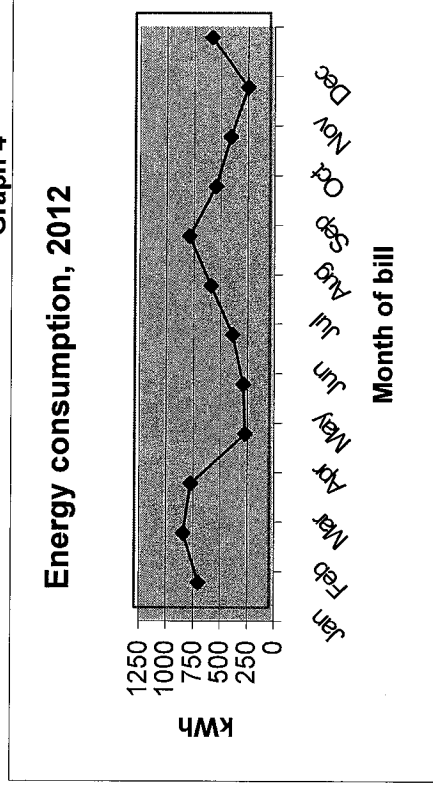
### Accumulation of payment due to rate/base increase



Graph 3



Graph 4



Graph 5

